



DEPARTMENT OF STATE  
ACTION MEMORANDUM

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Nigeria

7506204

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S/S-I

March 28, 1975

TO: The Secretary

FROM: AF - Edward W. Mulcahy, Acting

Program to Improve US-Nigerian RelationsThe Problem

Prompt action is needed to repair recent setbacks in our relations with Nigeria, which supplies twenty per cent of our foreign crude oil with political reliability. We propose a strategy of phased initiatives which would associate the US more actively with Nigeria's major goal of development, respond to Nigeria's increasingly justified feelings of international importance, and overcome Nigerian resentment of alleged US neglect. There would be little cost to our other interests.

Background/Analysis

Nigeria is by far the most important country for the US in black Africa today. Its 80 million people comprise one-fourth of the entire continent's total population. Its 1974 Gross Domestic Product of \$18 billion was about two-thirds that of the rest of black Africa combined. Its 280,000 man military force is about as large as that of Britain. These factors of power give Nigeria obvious influence and some ambition in the affairs of Africa and the Third World.

Moreover, Nigeria is one of the few countries in Africa where the US has substantial and expanding interests. The world's fifth largest oil exporter, Nigeria is tied with Canada as our major foreign supplier of crude oil. If the US becomes more dependent on foreign energy resources, access to Nigeria's estimated 40 trillion cubic feet of natural gas will be increasingly important. Nigeria's booming international market

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is attracting more and more American business firms. Their investments now total about \$1 billion (mostly in oil), roughly equal to American private investment in South Africa. The US Government needs to encourage more exports to Nigeria, with which we had a trade deficit of over \$2 billion last year.

Nigeria's regional importance and bilateral significance call for special efforts to maintain good relations with that country. Unfortunately, our bilateral ties have slipped within the past several months as a consequence of what the Nigerian Government considers our neglect and even disregard of Nigerian interests. Our failure last December to support IBRD lending to Nigeria highlighted, in their view, our tendency to take Nigeria's friendship, its resources, and its market for granted. Nigerians are irked by their exclusion from the generalized preferences included in the new trade bill. Suggestions of an American military response to a further boycott alarmed leading Nigerians.

US-Nigerian relations have cooled as well because the Nigerians believe we have become less concerned with matters of importance to black Africa and to the Third World--particularly, the problems of southern Africa and of economic development. Symbolic of the strain in our bilateral ties is General Gowon's decision not to make a state visit to the US this year.

Initiatives can be taken, we believe, which could reverse these recent setbacks to good relations. Those actions would be without great cost to our other interests elsewhere in the world. They will not get us commercial and resource benefits unless we are commercially competitive with other countries. Similarly, these measures are not likely to deflect the Nigerian Government from its great concern with southern Africa issues where their and our interests and policy will conflict from time to time. Nor will it alter Nigeria's growing identification with non-aligned and less developed countries. Nigeria, in part because it aspires to continental leadership, will tend to vote with the Third World majority on issues irrelevant to Nigeria itself. These new initiatives, however, should help to maintain fair access to Nigeria's considerable energy resources

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and growing market by reversing recent strains in our relations, strengthening the climate of goodwill toward us and getting Nigerians more in the habit of doing business with Americans. These are important considerations in a country such as Nigeria which has no problem in finding alternative investment or trading partners.

#### The Options

1. Joint Commission: Invite the Nigerian Government to consider the creation of a joint commission similar to those established with the Iranians and the Saudis.

Advantages: The Nigerians might be flattered by this signal that the US regarded relations with them as important as relations with Iran and Saudi Arabia. A Joint Commission would structure and publicize in a continuing way our identification with Nigeria's major goal of development.

Disadvantages: The Nigerians almost certainly would decline, as they do not want too public a display of special, close association with the US or any other major power. Residual resentment against our policy toward them during their civil war is still too strong, and Nigeria's almost xenophobic determination to be free of all foreign influence is too overriding. Its firm policy of nonalignment and its wish to play a leading role in Africa would not permit an institutionalized special relationship.

On balance, we believe the negative Nigerian reaction would be so strong that the proposal of a Joint Commission would be counterproductive.

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2. Investment Conference: Suggest to the Nigerians the organization of a conference in Lagos of prominent American businessmen and senior Nigerian officials to match Nigeria's needs with the capabilities and interests of particular American firms.

Advantages: Private US investment is the single most important aspect of US-Nigeria relations that senior Nigerian officials--including General Gowon--refer to again and again as in our mutual interests. Their recent approval of an OPIC agreement is evidence of the importance that Nigerians attach to this method of acquiring US technology and managerial expertise. Although US business firms increasingly are investigating the Nigerian market on their own, the US Government could win high marks in Lagos by encouraging and facilitating senior level contacts between top American businessmen and Nigerian officials. Greater mutual interest in supplying Nigeria with US goods, services and technology would result in an improved US balance of trade with that country.

Disadvantages: An ad hoc conference would not have the propaganda benefits of a continuing, highly visible, organized US association with Nigeria's interest in attracting US private investment. Substantive follow-up would be the responsibility of the private American participants, who might be uninterested or distracted.

We believe the advantages justify organizing such a conference.

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3. OPEC Friend: Exploit occasions that allow us to distinguish between Nigeria and less reliable oil exporters in pursuing US Energy Policy. In the immediate future,

- a. When Nigeria's next loan applications are considered by the IBRD Board in April, make a statement of support if the loans meet the normal economic criteria.
- b. In the Executive Branch's efforts to modify the Trade Bill's exclusion of all OPEC countries from GSP benefits, highlight Nigeria as an OPEC country that should be an exception to the present prohibitions.
- c. In your and other Administration spokesmen's public statements on energy questions, incorporate distinctions between Nigeria and less reliable oil exporters.

Advantages: We would demonstrate our appreciation for Nigeria's decision not to join the oil boycott in 1973 and acknowledge the greater political reliability of access to Nigeria's energy resources, as compared to some other oil producing countries. Nigerian Government resentment of our failure to acknowledge publicly their helpfulness would be stilled. Other oil producers might be encouraged to consider more independently their separate interests within OPEC.

Disadvantages: Making distinctions between oil producers opens the US to the charge of using Nigeria to weaken OPEC--a role Nigeria will not accept. It also could complicate our relations with some Arab governments. Some members of Congress might object to giving financial and trade privileges to any OPEC country.

We believe the potential benefits of acknowledging and responding positively to Nigeria's special needs and past help outweigh the disadvantages.

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4. Courtship: Demonstrate serious interest in Nigeria by:

- a. a visit by you to Nigeria and perhaps a few other African countries;
- b. a visit to Nigeria and a few other African countries by Vice President Rockefeller or another appropriate Cabinet Secretary, if you cannot travel to Nigeria soon;
- c. a series of visits to Nigeria by appropriate sub-Cabinet officers en route to or from meetings in Europe;
- d. widening Nigerians' access to senior US Government officials in Washington--viz., your calling in the Nigerian Ambassador two or three times a year for a tour d'horizon;
- e. use the occasion of a senior level visit to Nigeria to announce US adoption of some policy responsive to Nigerian and other Third World desires, e.g. US adherence to some international commodity marketing agreement.

Advantages: These initiatives would help to overcome Nigerians' view that the style of US diplomacy has been inappropriate to Nigeria's importance to us bilaterally, regionally, and in the Third World. We would begin to match in Nigeria the attention to diplomatic appearance already pursued by our commercial competitors from Western Europe and Japan and by our political rivals from Eastern Europe and China. These visits would familiarize senior US officials with the interests of black Africa's leading nation.

Disadvantages: The Nigerian Government cannot be persuaded by attentiveness alone. It also would rebuff initiatives considered harmful to its nonaligned status. Thus, while it would welcome high level visits, consultations, and other symbolic

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recognition of its important position in Africa and the larger Third World, it probably would feel compelled to demonstrate its fidelity to African and Third World principles from time to time--e.g., by inserting reference to these in the joint communique following a high level US visit to Lagos.

We believe the proposed responses to Nigeria's desire for special international recognition would improve substantially the tenor of bilateral relations.

#### Bureau Views

This memorandum has been cleared with EB, NEA, S/P, and INR. NEA strongly objects to Option 3 b, which NEA finds inconsistent with your decision last February to opt for a legislative remedy to have the exclusion apply only to those countries which in the future take embargo actions against the US. NEA continues to hold that our political interests in the Arab world would suffer if non-Arab OPEC members were singled out for favorable treatment under the GSP provisions of the Trade Bill.

#### Recommendations:

1. That we not seek creation of a Joint Commission with Nigeria at this time.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_  
(no commission) (pursue possibilities)

2. That AF, in cooperation with EB and the Department of Commerce, organize and stage a conference in Lagos of prominent American businessmen and senior Nigerian officials in the autumn of 1975.

Approve if \_\_\_\_\_ Disapprove \_\_\_\_\_

*in low  
key way.*

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3. That you agree to take the following steps to signal our appreciation of Nigeria as a friendly OPEC member:

- A. Instruct EB to inform Treasury of your wish to have the US Executive Director at the IBRD make a statement of support when Nigeria's loan applications are considered in April, if the loans meet the usual economic criteria.

*in thoughtful way*  
APR 2 1975

Approve   *K*   Disapprove           

- B. In your public statements on the Trade Bill, highlight Nigeria as a country that should be exempted from the present exclusion of OPEC countries from generalized preferences.

*Let's wait*  
APR 2 1975

Approve            Disapprove           

- C. In your and other Administration spokesmen's public statements on energy questions, incorporate distinctions between Nigeria and less reliable oil exporters.

Approve           

Disapprove           

4. That you agree in principle to a diplomatic campaign to establish more intimate US-Nigeria relations, involving:

- I want to see Nigerian Ambassador to start all this off*  
A. Your visiting Nigeria along with selected other black African countries during 1975.

APR 2 1975

Approve           

Disapprove           

- B. If you cannot visit Nigeria this year, your support in principle of a visit by Vice President Rockefeller or an appropriate Cabinet secretary during 1975. AF will provide appropriate memoranda, if approved.

Approve           

Disapprove



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- C. Your support in principle of AF efforts to have appropriate sub-Cabinet officers visit Nigeria during their travels abroad. AF will commence discussions at staff level, if approved.

APR 2 1975  
Approve 1/5 Disapprove \_\_\_\_\_

- D. Your calling in the Nigerian Ambassador for the first of periodic tours d'horizon.

APR 2 1975  
Approve 1/5 Disapprove \_\_\_\_\_

Date \_\_\_\_\_

Time \_\_\_\_\_

- E. Announcement in Lagos, by you or another senior US Government official, of new departures in our policies affecting Africa and the Third World, e.g., US participation in an international commodity agreement.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

*Let's do case by case*  
*Lets do case by case*

*HKW/jh*

Drafted: AF/W:HKWalker:mn

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Concurrences: EB/IFD/OIA - Mr. Stebbing(draft)  
EB/OT/GCP - Mr. Dunford (draft)  
EB/ODF - Miss Stocker (draft)  
EB/FSE - Mr. Whitman (draft)  
NEA-Regional Affairs/- Mr. Palmer(Draft)  
S/P Mr. DePree (draft)  
INR - Miss Seasword (draft)

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